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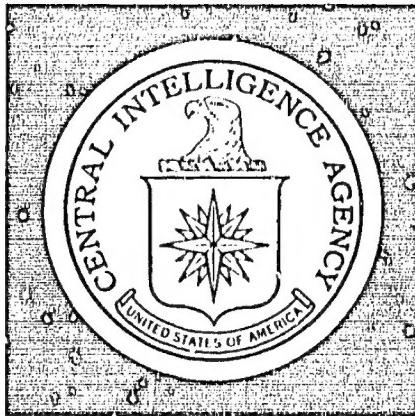
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Central Intelligence Bulletin

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C CHILE: There is an uneasy truce in Santiago following the Allende government's sharp crackdown on opposition protests.

The imposition of a state of emergency on 2 December will inhibit further opposition demonstrations that were planned and curtail critical press comment. Tensions are running high, however, and some incidents continue to occur. There is much resentment over the treatment of several thousand women whose demonstration against the government set off the violence. The numbers and determination of the female marchers apparently surprised the government, which provided only minimal police escort. This was inadequate to protect the women against stonings and other attacks by leftist gun squads. The police themselves caused many of the numerous injuries by using tear gas heavily against marchers and bystanders in downtown Santiago. Charges have been brought in Congress against Interior Minister Toha as responsible for the police behavior.

Toha has charged the outbreaks are part of a seditious plot. Aware that further repressive measures could trigger greater public disapproval, the government will now probably lean heavily on propaganda claims that the Christian Democrats, Chilean rightists, and the US are trying to bring down Allende.

The women's march was the most recent evidence of mounting disgruntlement among students, workers, businessmen and other Chileans. One of the most serious disagreements continues to be the administration's plans to reorganize and exert control over the University of Chile. After several weeks of violence, the rector has collected enough signatures to call a plebiscite on the issue on 21 December. Approval would greatly strengthen his hand against the administration-dominated governing council of the university.

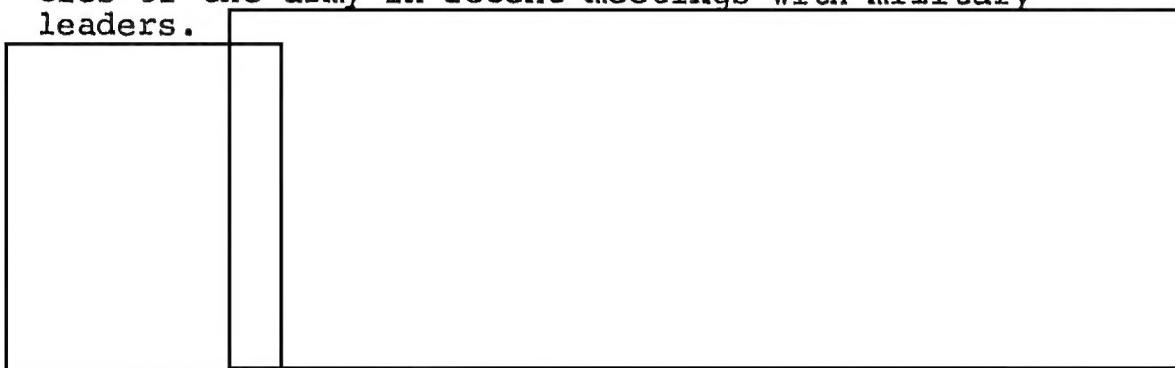
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[Meanwhile, Army General Augusto Pinochet, who is in command of Santiago under the state of emergency, is attempting to get opposition students to vacate the university buildings they have held for some time in defiance of the government and attacking leftist students. Pinochet is reportedly in line to become commander in chief of the army soon and will probably heed Allende's instructions carefully during this tense period. (SECRET NO FOREIGN DISSEM)]

CAMBODIA: Military reverses apparently are causing some political reverberations in Phnom Penh.

Civilian leaders in the cabinet have been remarkably frank and caustic concerning the deficiencies of the army in recent meetings with military leaders.

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The civilian leaders were reacting to the generals' assertions that the army was spread too thin to provide better security in Phnom Penh, and that civilian commandos would have to play a greater role in the capital's defense. The meetings took place before this week's rout on Route 6, which presumably will add to the dissatisfaction with the military and the over-all situation in the country that allegedly is being expressed by a wide range of civilians in the capital.

Much of this grumbling is the natural reaction of civilians to battlefield reverses and the military's growing political role. Although the critical civilians might have some influence on Lon Nol's policies, they will not have a major impact on the political situation as long as Lon Nol is still on the scene to hold things together. Any serious threat to political stability would have to come from the military establishment itself. There is as yet no evidence, however, of any restiveness in either the ranks or the officer corps in reaction to the recent military setbacks. (SECRET NO FOREIGN DISSEM)

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EAST GERMANY: The specific goals of the five-year plan (1971-75) are apparently still under modification and there are indications that debate about the future thrust of economic policy is continuing.

Premier Stoph, in a recent address to the East German People's Chamber, promised that the draft plan for 1972, as well as for the five-year period, soon will be submitted for "discussion and approval." He said that all related problems and tasks will be explained in detail at that time. Draft goals were published last June, but the new regime apparently decided that it would replace clearly unattainable targets with more realistic ones.

Stoph attributed present economic difficulties to imbalances in previous investment priorities. The regime is particularly concerned about serious agricultural failures. Three consecutive years of bad weather have struck a blow to the hope that alternative use could be made of the investment resources that have gone to agriculture. An official noted that this year imports valued at almost \$180 million were necessary to make up for the shortfall in grain production alone.

The prospect of organizational changes was suggested by repeated references to the need to perfect management and to strengthen centralized control over the economy. The regime also promised to cut the size of the administrative bureaucracy and to shift technical skills now allocated to the administrative sphere to production. New jobs are not to be created unless the same amount of labor is economized elsewhere. The East German worker once again will be called upon to increase production rates without increased resources.

In anticipation of another winter of chronic food, power, and fuel supply shortages, vague statements were made about the plan's aim to improve further the standard of living. It is clear, however, that the first order of business will be to

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attempt to solve the broader economic problems that Pankow has faced over a period of years and to attempt to placate the people with promises of a better future if they work harder now. (CONFIDENTIAL)

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YUGOSLAVIA: The climax of a sharp intra-party struggle between an angry Tito and Croat leaders could come during today's second session of a federal party presidium meeting.

In a speech at the first session yesterday, Tito accused some members of the Croat party leadership of "rotten liberalism, levity and lack of vigilance," and called for the federal party to take the strongest action against them. Tito blamed the student strike in Zagreb on "counter-revolutionary forces" flourishing under the loose rein of the republic party leadership. He said there are only a few hundred chauvinists in Croatia but that they have created a wide base of support.

Tito has differed with the liberal Croats before and it remains to be seen whether or how he will settle accounts this time. Tito said that he had met with the Croat party leaders for over 20 hours--probably late last week after he returned several days early from his annual meeting with Ceausescu--trying to convince them of their errors.

Earlier this week Croat party leaders Mrs. Savka Dabcevie-Kucar and Mika Tripalo referred vaguely during radio and television appearances to criticism of their leadership and made an all-out attempt to convince students to drop their strike. Ironically, Tito's attack comes at a time when the strike is losing momentum and a return to order seems imminent. (CONFIDENTIAL)

INDIA: The state government of West Bengal reportedly is granting a new round of concessions to industry in order to boost the state's economy.

Industrial units will be exempt from payment of sales tax for six years and will be eligible for interest-free loans equivalent to 30 percent of working capital. Loans would not have to be repaid until the firms become profitable. In addition, the state government is proposing a ten-percent capital subsidy for small industrial units in selected backward areas.

West Bengal has been hit hard by political instability, an inadequate supply of raw materials, massive labor disruptions, and a lack of finances. Although the state government is dealing firmly with labor problems and there has been some improvement in the law and order situation, almost three quarters of the state's industrial units are operating below 50 percent of capacity and over 300 firms remain closed. The state's plight is aggravated by the massive influx of refugees from Pakistan.

The central government, apparently prompted by the failure of earlier efforts to revive industry, announced a 16-point program to spur industrial production in the state three months ago. This program, however, has not been implemented.
(CONFIDENTIAL)

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WARSAW PACT: The communiqué issued following this week's conference of the Pact foreign ministers is aimed at increasing pressure on the West on the eve of the NATO ministerial meeting for a more forthcoming attitude toward early convocation of a Conference on European Security and Cooperation. It says that the bloc governments plan to name plenipotentiary representatives for multilateral preparatory talks, and it calls on other interested states to follow suit and to initiate practical preparations to permit convening of a conference during 1972. The statement does not mention mutual force reductions in Europe. (CONFIDENTIAL)

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SUDAN-EGYPT: A former Sudanese foreign minister has told US officials in Khartoum that Sudan's relations with Egypt have become markedly cool as a result of President Numayri's effort to improve relations with the West. The former official speculated that the deterioration in relations resulted in part from the fact that Sadat visited Moscow while Sudan's relations with the USSR were at a low point as a result of the unsuccessful Communist-backed coup last July in the Sudan. According to the US Interests Section, recent public statements by Numayri, in contrast to past months, have not touched on the Confederation of Arab Republics or on general ties binding Egypt and the Sudan, but have instead merely emphasized Sudanese support for the Arab mission in the "battle of destiny." According to a rumor circulating in Khartoum, a high-level Egyptian emissary recently visited the Sudan, but was not received by Numayri. Numayri cannot permit relations with Egypt to deteriorate too far, and the US Interests Section believes that to prevent such a deterioration Numayri may hold off on the anticipated resumption in relations with the US. (SECRET)

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NATIONAL INTELLIGENCE ESTIMATE

The United States Intelligence Board on 2 December 1971 approved the following national intelligence estimate:

NIE 29.2-71 "Turkey's Prospects"
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